

ORIGINAL

DIVISION OF CONSUMER ADVOCACY
Department of Commerce and
Consumer Affairs
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PUBLIC UTILITIES
COMMISSION

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FILED

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
MOLOKAI PUBLIC UTILITIES, INC.)
)
)
For Review and Approval of Rate Increases;)
Revised Rate Schedules; and Revised Rules)

DOCKET NO. 2009-0048

DIVISION OF CONSUMER ADVOCACY'S
INFORMATION REQUESTS

Pursuant to the Stipulated Regulatory Schedule approved in Order Approving Proposed Procedural Order, as Modified filed on November 6, 2009, the Division of Consumer Advocacy submits its **FOURTH SUBMISSION OF INFORMATION REQUESTS** in the above docketed matter. In addition, based on an informal agreement with the Applicant, the following three submissions of Information Requests were informally filed with the Applicant on the following dates:

First Submission

September 9, 2009

Second Submission

September 15, 2009

Third Submission

September 18, 2009

DATED: Honolulu, Hawaii, November 9, 2009.

Respectfully submitted,

By 
CATHERINE P. AWAKUNI
Executive Director

DIVISION OF CONSUMER ADVOCACY

DOCKET NO. 2009-0048

MOLOKAI PUBLIC UTILITIES, INC.

FOURTH SUBMISSION OF INFORMATION REQUESTS

INSTRUCTIONS

In order to expedite and facilitate the Consumer Advocate's review and analysis in the above matter, the following is requested:

1. For each response, the Company should identify the person who is responsible for preparing the response as well as the witness who will be responsible for sponsoring the response should there be an evidentiary hearing;
2. Unless otherwise specifically requested, for applicable schedules or workpapers, the Company should provide hard copies of each schedule or workpaper together with one copy of each such schedule or workpaper on electronic media in a mutually agreeable format (e.g., Excel and Quattro Pro, to name two examples); and
3. When an information request makes reference to specific documentation used by the Company to support its response, it is not intended that the response be limited to just the specific document referenced in the request. The response should include any non-privileged memoranda, internal or external studies, assumptions, Company instructions, or any other relevant authoritative source which the Company used.
4. Should the Company claim that any information is not discoverable for any reason:
 - a. State all claimed privileges and objections to disclosure;

- b. State all facts and reasons supporting each claimed privilege and objection;
- c. State under what conditions the Company is willing to permit disclosure to the Consumer Advocate (e.g., protective agreement, review at business offices, etc.); and
- d. If the Company claims that a written document or electronic file is not discoverable, besides complying with subparagraphs 4(a-c), identify each document or electronic file, or portions thereof, that the Company claims are privileged or will not be disclosed, including the title or subject matter, the date, the author(s) and the addressee(s).

DOCKET NO. 2009-0048

MOLOKAI PUBLIC UTILITIES, INC.

FOURTH SUBMISSION OF INFORMATION REQUESTS

CA-IR-57

Ref: Response to CA-IR-2.

Please provide a copy of any separate analysis or study that analyzes the appropriate allocation of costs of the Pu'u Nana Treatment Plant between Wai'ola O Molokai and the Company.

CA-IR-58

Ref: Response to CA-IR-5.

- a. If the Well 17 permit is not allowed, please discuss all contingency plans identified and considered.
- b. Of the plans that have been identified, please identify the preferred contingency plan, explain why it is preferred and what actions have been taken to initiate any necessary steps to enable that contingency.
- c. If not evident, please identify the probable impact on customers in terms of rate impact and reliability under the preferred contingency.

CA-IR-59

Ref: Response to CA-IR-5.

- a. In its attachment CA-IR-5, the Company indicates that it "is technically violating the Water Code." (See page 1 of Attachment CA-IR-5a) Please identify all possible negative

ramifications from being “technically” in violation of the Water Code.

- b. Please identify the probability of any action being taken within the test year.

CA-IR-60

Ref: Response to CA-IR-5.

- a. The Company’s response indicates that management decided not to pursue the Water Commission’s explicit approval to withdraw water. It appears that this action has impaired the Company’s or any successor’s ability to successfully withdraw water with tacit approval. Please discuss.
- b. The Company’s response indicates that management might have filed a timely existing use application but withdrew it and failed to re-submit an application within the prescribed time. It appears that this action has impaired the Company’s or any successor’s ability to successfully withdraw water under an existing use application. Please discuss.

CA-IR-61

Ref: Response to CA-IR-5.

Please discuss whether the provision of water and/or wastewater utility services (or ensuring that such services were available) was a condition that had to be met in order to develop any of the

properties currently served by MPUI and developed by any existing or formerly existing affiliate.

CA-IR-62

Ref: Response to CA-IR-6.

- a. In its response, the Company provides a copy of a letter dated April 9, 2008 (Attachment CA-IR-6e (Part A)). The letter indicates that the situation would be reviewed prior to June 30, 2008. Please provide a copy of any follow up to this letter.
- b. This same letter indicates that an environmental review would be necessary to facilitate any transfer of the responsibility for the water systems. Please discuss any and all steps taken to complete such an environmental review to facilitate any such transfer.
- c. The same letter requests the plans "regarding your Well 17 and Mountain Water System connections to the MIS." Please provide a copy of any response to this request.

CA-IR-63

Ref: Responses to CA-IR-6 & 7.

- a. It has come to the attention of the Consumer Advocate that certain facilities may be installed to draw additional water from Well 17 to provide water service for certain purposes

within DHHL areas. Such provision is related to the failure of a well or wells in Kualapuu. Please confirm and discuss.

- b. It is the Consumer Advocate's understanding that in order to provide the water to the DHHL areas, additional infrastructure will be placed. Please discuss whether the infrastructure will be placed by the Company or a regulated affiliate.
- c. Please indicate how the infrastructure in question will be recorded, including, but not limited to, ownership of the infrastructure.
- d. Please indicate who will be responsible for the operation and maintenance of the infrastructure.
- e. Please provide a detailed discussion of how the costs will be recovered and allocated among all applicable parties. In addition, please indicate the rate or rates that will be charged for this service.
- f. Please provide a detailed discussion of the impact, if any, of the reliance on MIS for delivery of water from Well 17 to other parts of the island, including those parts that are served by the Company.
- g. Please discuss whether any parts and labor used to install the infrastructure in question represent regulated utility property or resources. If so, please identify each part and

discuss how the costs associated with that resource will be recovered.

CA-IR-64

Ref: Response to CA-IR-7.

The response to part (b) includes "specifications" for the treatment plant, but does not provide a summary description of what the plant does for the provision of water service and how it impacted the backwash issue. Please provide that discussion that indicates how the plan addressed the backwash issue (i.e., the "waste" of water).

CA-IR-65

Ref: Response to CA-IR-9.

- a. In the Company's response, only one water quality complaint was discussed. Please confirm that only one water quality complaint was received during the period from the last rate proceeding until the current year.
- b. If the above understanding is incorrect, please provide the information requested in CA-IR-9.
- c. If not already included in the response to part (b) above, please provide a list of all complaints received by the Company since the last rate proceeding in Docket No. 02-0371. For each complaint, please provide the following:
 1. Date of the complaint;

2. Description of the complaint;
3. Action taken to address the complaint;
4. Date of the action taken; and
5. Any follow-up to ensure that the complaint was adequately addressed.

CA-IR-66

Ref: Response to CA-IR-10.

- a. Please provide a detailed discussion of the purposes of Kaluakoi Water, LLC and Kaluakoi Sewer, LLC.
- b. Please discuss whether these companies benefit from any resources, such as labor or administrative support, from the Commission regulated companies or affiliates that are currently charging the regulated companies.
 1. If not, please provide a detailed discussion of how these companies are operated and maintained.
 2. If not, please provide a copy of the financial statements for these affiliates.
- c. If these companies do benefit from association with any Commission regulated company or affiliate that allocates costs to a Commission regulated company, please identify those resources and please provide copies of evidence that supports that all costs associated with those resources are

properly recovered from Kaluakoi Water and Kaluakoi Sewer companies.

CA-IR-67

Ref: Response to CA-IR-14.

- a. Please provide the net operating balance that would exist of the years ended 6/30/09 and 6/30/10 if the Company were on a stand alone basis.
- b. Please confirm that the net operating balance, if the Company were on a stand alone basis, would and/or could be used to reduce the income tax liability.

CA-IR-68

Ref: Response to CA-IR-15.

- a. If not already provided, please provide copies of the appropriate and applicable tax schedules that show the following:
 1. tax depreciation taken on all plant currently reflected in the Company's plant in service balance; and
 2. no item currently in the Company's plant in service was written off in its entirety.
- b. If the Company cannot provide a copy of any schedule that illustrates that all plant reflected in the Company's plant in service are being properly depreciated for tax purposes because of the filing of consolidated tax returns, please

provide copies of the applicable reconciliation schedules that illustrate the relationship between the tax depreciation schedules filed with the IRS and the Company's books.

CA-IR-69

Ref: Response to CA-IR-19.

- a. Please explain why the audited report excluded the adjustment of \$14,953.
- b. Please explain what caused the need for the adjustment of \$14,953.

CA-IR-70

Ref: Response to CA-IR-19 and 25.

- a. Please provide copies of any assessment or study of the remaining useful lives for each plant item that is fully depreciated. If not evident in the assessment or study, please provide the basis for the assessment.
- b. If it is the Company's assertion that no such assessment or study has been done (as it appears that the response to CA-IR-25a. appears to do), please explain why, with a balance of almost \$5 million of fully depreciated plant, the Company deems it acceptable not to reassess the reasonableness of its plant and depreciation assumptions.

Ref: Responses to CA-IR-22 and 23.

- a. Please indicate whether any of the items to be added in 2009 or 2010 are items that are expected to provide use or usefulness to anyone besides the Company's customers. For example, will the Well 17 House Cooling Equipment provide benefits to other customers or individuals who receive water from Well 17?
- b. If any of the items will provide use or usefulness to other users besides the Company's customers, please identify each such item and the means by which the costs associated with the item will be allocated to those other users.
- c. For the valve replacement, please state the age of the existing valve and how it was determined that replacement was required.
 1. Please indicate the expected duration of the project.
 2. Please indicate when the bidding process is expected to be completed.
 3. Please indicate the possibility of the project being deferred.
- d. For the Well 17 House Cooling Equipment, please how the item will improve the efficiency and operation of the engine.

1. Please estimate the impact that that item will have on the operating and maintenance expenses associated with Well 17 and attendant plant.
 2. Please identify the adjustments that were made where those adjustments are referenced or illustrated in the Company's application. If no such adjustments were made, please explain why.
- e. The Company indicates that it will be acquiring a lateral replacement tool.
1. Please indicate the current status of procuring this item.
 2. Please provide the Company's estimate of the affect that this item will have on the Company's operating and maintenance expenses.
 3. Please identify the adjustments that were made where those adjustments are referenced or illustrated in the Company's application. If no such adjustments were made, please explain why.
 4. Please confirm that this item will be of use or usefulness to other regulated utility companies that may need to repair lateral leaks.
- f. The Company intends to expend \$20,000 on a backwash water recycle system.

1. What is the forecasted impact on operating and maintenance expenses once this item is in place.
 2. Please indicate the expected length of the construction period and when the construction is expected to start.
- g. The Company assert that it will expend \$30,000 on meter reading equipment and meters.
1. Please identify the expected length of the entire process forecasted for this capital item.
 2. Please indicate when the bidding/procurement process is expected to begin.
 3. Please estimate the impact that the meter reading equipment will have on operational expenses. Please provide copies of the workpapers and assumptions used to determine the response to this question.
 4. Please identify the schedules where the impacts are reflected on test year estimates. If no such impacts are clearly reflected on the Company's test year estimates, please provide copies of the workpapers that illustrate how these adjustments were considered.

CA-IR-72

Ref: Response to CA-IR-22.

In its response, the Company indicates that the backwash water will be recycled into the agriculture water system.

- a. Please identify where in the application this agriculture water system is identified.
- b. If this system is not clearly identified, please explain why not.
- c. Please confirm that the costs and revenues associated with this agriculture water system are included within the application. If not, explain why not.

CA-IR-73

Ref: Response to CA-IR-23.

- a. The Company indicates that there is no deferred tax balance because book depreciation exceeds tax depreciation. Please discuss when the Company last reviewed its book and tax depreciation processes to ensure that it is being properly implemented.
- b. If the Company did not initially include the negative ADIT amount in its estimates, please explain why it intends to do so now.
- c. Please provide copies of schedules that show the annual book and tax depreciation recorded and/or reported for the ten largest items supporting the negative ADIT balance.

CA-IR-74

Ref: Response to CA-IR-24.

- a. Please discuss the accounting controls in place to ensure that only costs that should be capitalized are reflected in the costs recorded as plant in service for the Company.
- b. The Company did not number its pages, but in its response, there appears to be certain items that appear to be inappropriately capitalized as plant in service for the Company. Please explain. For instance, on various invoices, certain items identified only as supplies are being capitalized. It is unclear how these amounts can be justified to be part of a capital expense.

CA-IR-75

Ref: Response to CA-IR-27.

CA-IR-27 requested information on how plant additions were financed and where the applicable obligations are reflected in the Company's filing. The Company's response indicates that the Company's parent provided the funds, but does not indicate where those obligations are identified. Please identify the financial instrument, the terms of that instrument and where it is located.

CA-IR-76

Ref: Responses to CA-IR-28 and 29.

- a. Please confirm that the Company has reconciled the apparent differences between the book and tax records for

the items identified in the response to CA-IR-28 as well as the exceptions related to the Hawaii State Capital Goods Excise Tax Credit identified in CA-IR-29. Please provide those reconciliations if not already provided.

- b. If not already explained, please discuss the likely cause of these differences.

CA-IR-77

Ref: Response to CA-IR-35.

- a. The Company indicates that the employees presently pay only for the family portion of dental coverage. Please provide the options that are available for the Company regarding Company and Employee Pay for each of the various benefits.
- b. For each of the options identified above, please provide the premiums associated with each.
- c. Please discuss why the Company has not selected plans that require some employee contribution to benefit coverage (besides the family portion of dental coverage).

CA-IR-78

Ref: Response to CA-IR-43.

- a. In its response to CA-IR-43, the Company identifies 14 vehicles being used. Please identify which vehicles are solely attributable to MPUI.

- b. If none of the vehicles are solely attributable to MPUI, please explain why these are provided in the response to the information request.
- c. Please explain why it is reasonable to have a vehicle for virtually every employee.
- d. Please explain why the costs associated with 14 vehicles should be allocated to MPUI customers.
- e. If not already discussed, please explain why there are two vehicles that appear to be on Oahu.

CA-IR-79

Ref: Response to CA-IR-48.

- a. Please explain how the schedules provided in response to CA-IR-48 relate and support the insurance expense projection of \$13,000 for the test year.
- b. Please discuss whether the insurance covers any properties that have recently been targeted to be closed or already closed. In other words, even if a property is not open or conducting active business, please discuss whether that property should still be (or is) insured.
 - 1. If so, please discuss why it appears that the schedule only allocates insurance expense to operations that are still active and continuing.

2. If not, please explain whether, if any insurable event occurs on one of those non-operating properties, the Company's affiliates will seek recovery from the insurance companies.

CA-IR-80

Ref: Response to CA-IR-51.

- a. Please discuss the details necessary to support travel expenses. Based upon review of the supporting detail, it is not clear what detail is available to support the business nature and purpose of the expense.
- b. As an example, please identify the business nature associated with the trip to Kauai Beach Hotel and Resort for three nights in 2006 and how it relates to the Company.
 1. In addition, please confirm that only the expenses associated with Mr. Edwards were paid for on that trip.
 2. Please provide copies of the documentation that supports the response to part (1) above.

CA-IR-81

Ref: Application.

- a. Please identify each of the cost containment measures that the Company has implemented for labor and non-labor expenses in each of the past five years.

- b. If the Company has not implemented any such measures, please explain why not.

CA-IR-82

Ref: Application – Rate Design.

- a. Please discuss whether the Company has considered tiered usage rates to encourage conservation. If such discussions have occurred, please indicate the outcome of those discussions.
- b. Please provide the data relied upon in evaluating tiered rates.
- c. If not already provided in response elsewhere, please provide the monthly usage data for each of the past 24 months by customer meters and by consumption levels (i.e., consumption itemized by tiered thresholds).

CA-IR-83

Ref: Application.

- a. If not already provided elsewhere, please confirm that there are no known changes in any of the developments or customer areas that might affect the test year estimate of customers or usage.
- b. If additional data has become available beyond the application or any other response, please provide updated data on usage and customer count.

DOCKET NO. 2009-0048

MOLOKAI PUBLIC UTILITIES, INC.

FIRST SUBMISSION OF INFORMATION REQUESTS

CA-IR-1

Ref: Application.

- a. In its application, MPUI is proposing to assess water consumption charges that include values in the 10,000th place, or 100th of a cent. Please confirm that MPUI's billing system can accommodate such a charge.
- b. If MPUI cannot provide evidence that its billing system can accommodate values in the 10,000th place, please confirm that the Company's proposal to assess such rates is for the purposes of its application only to minimize rounding differences.

CA-IR-2

Ref: Application.

The Company is requesting the ability to establish an automatic power cost adjustment clause since, as a part of revenue, electricity expense has ranged from 17% to 41% during the years 2004 and 2008.

- a. Please identify each plant or equipment item that contributes to the overall electricity bill of the Company.
- b. For each identified item, please discuss whether the use of that item has changed recently (e.g., an electrical pump

installed in 2008, an electrical pump retired from service, etc.). For each such identified item, please identify the following:

1. The date on which the change occurred for the applicable item.
 2. The costs incurred that funded the conversion of electric or gas equipment/plant.
- c. Please confirm that each of the identified plant or equipment item is used only by the Company and does not reflect an item that is used for any other purpose than those required to provide utility service by the Company.
1. If there any plant or equipment items that are shared or otherwise provides use to any other affiliate, please identify each item.
 2. For each item identified, please provide the allocated use assigned to each applicable entity for each of the years 2004 – 2008. In addition, please provide the means by which the Company was able to determine the appropriate allocation percentage to use for each applicable affiliate.
- d. Please provide any analyses conducted by or on behalf of the Company that allocates the electricity expense between changes in the volume used and the price of the oil for each

of the years 2004 through 2008. Please provide a copy of the analysis that was conducted and provide a copy of any and all documents that support the Company's response.

- e. Please provide copies of any recent analyses or studies which evaluates or otherwise assesses the efficiency of each plant, property, and equipment that consumes electricity.

CA-IR-3

Ref: Application.

The Company is requesting the ability to establish an automatic purchased fuel adjustment clause since, as a part of revenue, fuel expense has ranged from 34% to 61% during the years 2004 and 2008.

- a. Please identify each plant or equipment item that contributes to the overall fuel expense bill of the Company.
- b. For each identified item, please discuss whether the use of that item has changed recently (e.g., conversion from diesel to electric pump, new diesel pump, etc.). For each such identified item, please identify the following:
 - 1. The date on which the change occurred for the applicable item.
 - 2. The costs incurred that funded the conversion of electric or gas equipment/plant.

- c. Please identify each type of fuel oil used at the Company's various sites.
- d. Please confirm that each of the identified plant or equipment item is used only by the Company and does not reflect an item that is used for any other purpose than those required to provide utility service by the Company.
 - 1. If there are any plant or equipment items that are shared or otherwise provide use to any other affiliate, please identify each item.
 - 2. For each item identified, please provide the allocated use assigned to each applicable entity for each of the years 2004 – 2008. In addition, please provide the means by which the Company was able to determine the appropriate allocation percentage to use for each applicable affiliate.
- e. Please provide any analyses conducted by or on behalf of the Company that allocates the increases in fuel oil expense between changes in the volume used and the price of the oil for each of the years 2004 through 2008. Please provide a copy of the analysis that was conducted and provide a copy of any and all documents that support the Company's response.

- f. Please provide copies of any recent analyses or studies that evaluates or otherwise assesses the efficiency of each plant or equipment that consumes fuel.

CA-IR-4

Ref: Application, MPU 1, page 1.

The Company indicates that Well 17 is operated using a gas-powered pump.

- a. Please clarify. What type of fuel is used by the pump servicing Well 17?
- b. The Consumer Advocate notes that in Docket No. 03-0271, MPUI indicated that "new electric pumping facilities" would be installed (see, e.g., MPU-1, page 6, Mr. Edwards' testimony). Please discuss whether the new electric pumping facilities were or were not installed and why Well 17 is still serviced by a gas-powered pump.

CA-IR-5

Ref: Application – Well 17.

- a. The Consumer Advocate understands that there are legal issues surrounding the Company's ability to access the water from Well 17. Please generally discuss this situation.
- b. If not already included in the response to part a. above, please provide the Company's assessment of the likely

schedule for the resolution of the issues surrounding the access to Well 17.

- c. Please confirm that any updates on these issues will be provided to the Commission and Consumer Advocate as soon as practical throughout the duration of this proceeding.
- d. Given the issues surrounding Well 17, please provide a discussion on whether the Company has evaluated its ability to provide water utility service and the outcome of such evaluation. If the Company has not conducted such an evaluation, please explain why not.

CA-IR-6

Ref: Application – Molokai Irrigation System (“MIS”).

- a. The Consumer Advocate understands that there are issues surrounding the Company’s ability to rely upon access to the MIS. Please generally discuss the situation.
- b. If not already included in the response to part a. above, please provide the Company’s assessment of the likely schedule for the resolution of the issues surrounding the access to the MIS.
- c. Please confirm that any updates on these issues will be provided to the Commission and Consumer Advocate as soon as practical throughout the duration of this proceeding.

- d. Given the issues surrounding the Company's access to the MIS, please provide a discussion on whether the Company has evaluated its ability to provide water utility service and the outcome of such evaluation. If the Company has not conducted such an evaluation, please explain why not.
- e. Please provide a copy of the agreement relating to the use of the MIS that supports the anticipated "rental" fees.
- f. Please confirm that even though the issue regarding the Company's use of the MIS is still outstanding, the ability to use the MIS at this time is still allowed, for what determined period of time and that the rental fees are collected for the use of the MIS.

CA-IR-7

Ref: Application.

The issue of the Company's system and the significant difference between the water pumped from Well 17 as compared to the water delivered to its customers was an issue in Docket Nos. 5471 and 02-0371. Part of that issue relates to the continued reliance upon the MIS. In Docket No. 02-0371, the Consumer Advocate understood that the Company had plans to install new infrastructure that would eliminate the backwash process and also eliminate the need to use the MIS (see CA-T-1, page 10 in Docket No. 02-0371).

- a. Please discuss whether the Company successfully implemented all of its construction plans that were discussed in Docket No. 02-0371.
 - 1. If so, please discuss why the Company continues to reflect a fairly significant difference between the water pumped from Well 17 and the water delivered to its customers.
 - 2. If not, please discuss why those plans were not completed to fruition.
- b. Based on the Company's instant application, it appears that the backwash process might have been addressed. Please provide a detailed description of the plant that was installed to address the backwash issue and discuss how the plant addressed the backwash issue.
- c. Based on the Company's instant application, it appears that the MIS is still relied upon as part of the infrastructure required to deliver water to the Company's customers.
 - 1. Please identify all recent studies, analyses, reports, etc. that were performed by or on behalf of the Company to evaluate all possible alternatives to continued reliance on the MIS. For each of the identified documents, please provide a copy.

2. Assuming that such documents exist and alternatives were identified, please discuss the decisions made regarding each possible alternative. Please provide copies of documents, where applicable, that support the assertion that such decisions were deliberated as well as documents that support any final decisions made regarding the rejection/adoption of each alternative.

CA-IR-8

Ref: Application – Unaccounted for Water.

- a. If not already stated elsewhere, please identify each of the reports, studies and evaluations of the Company's water system with respect to water loss and leaks.
- b. If not already stated elsewhere, please identify each of the recent measures to address reported leaks or other conditions in the Company's infrastructure that might contribute to the overall water loss. For purposes of this question, please provide all events since the application filed in Docket No. 02-0371. For each event, please identify the following:
 1. date that issue was reported;
 2. date action was taken;
 3. identification of the issue;

4. dated resolution was completed; and
5. any follow up on the issue.

CA-IR-9

Ref: Application – Water Quality.

Comments regarding the Company's water quality have been made by various sources.

- a. Please provide the three most recent reports or assessments from the Department of Health on the water quality.
- b. Please provide a list of the complaints received by the Company regarding water quality since the last rate proceeding in Docket No. 02-0371. For each complaint, please provide the following:
 1. Date of the complaint;
 2. Description of the complaint;
 3. Action taken to address the complaint;
 4. Date of the action taken; and
 5. Any follow-up to ensure that the complaint was adequately addressed.

CA-IR-10

Ref: Application.

- a. Please provide a copy of the organizational chart that identifies and illustrates all affiliates to the Company and its relationship to those affiliates.
- b. Given the relationship to Wai'Ola O Moloka'i, Inc. and MOSCO, please discuss whether the possibility of consolidating the utility companies has been evaluated.
 1. If so, please indicate when such evaluations have occurred and provide copies of any studies, reports, analyses, etc., that were conducted to evaluate the consolidation.
 2. If not, please explain why not.
- c. Assuming that consolidation of all, or even two, of the utility companies has been discussed, please explain why such consolidation has not taken place.

CA-IR-11

Ref: Application – MPU 2, Schedule 4.

The Consumer Advocate notes that it appears that the independent auditor's report is an unqualified opinion. That is, there is no disclosure of concern regarding the possibility that MPUI is not a going concern.

- a. Given MPUI's recorded losses and situation surrounding its operations, please describe and provide the gist of the

discussion held between MPUI and its auditors on the issue of going concern.

- b. Please confirm that the independent auditor was made aware of the controversies surrounding the Company's use and access to Well 17 and the MIS.
- c. Assuming that the auditor was made aware of the issues surrounding Well 17 and the MIS, please provide the discussion held between MPUI and its auditors to determine that these were not reportable events that could affect the viability of the Company.

CA-IR-12

Ref: Application – Reconnection Fee.

- a. The Company is requesting to increase the reconnection fee to \$150 to account for higher costs and to cover labor and effort. (Application, page 13). Please provide the actual costs and labor incurred to perform reconnections. The Company's response should consist of the historical costs incurred in each of the last three years for each reconnection request.
- b. If not already set forth in the response to part a., please provide the analysis that demonstrates that the costs incurred to support the \$150 reflects a reasonable estimate of normalized ongoing costs.

CA-IR-13

Ref: Application.

- a. Please identify all operating agreements or contracts that the Company has, including, but not limited to, all affiliated transactions. For each agreement or contract, please provide a copy of each.
- b. Please identify any arrangement for which no documented agreement or contract exists, but results in an exchange of goods or services between the Company and another party, whether affiliated or not.

CA-IR-14

Ref: Application.

- a. Please provide a copy of the tax return for the Company for each of the past five years. Assuming that the Company did not file its own tax return, please provide a copy of the consolidated tax return for each of the past five years and any consolidating workpapers used to support the consolidated tax filing.
- b. Even if not reported for financial statement purposes, please confirm that the Company would be able to recognize net operating losses to offset any taxable income.
 - 1. If it is the Company's assertion that there are no available net operating losses to be applied on a prospective basis, please explain why there would be

no net operating losses available to use as an offset to taxable income.

2. Assuming that there are available net operating losses, please identify the available balance of losses that could be used in accordance with the applicable Internal Revenue Service and Hawaii Department of Taxation rules. Please provide a copy of the workpapers and supporting documentation used to develop the Company's response.

CA-IR-15

Ref: Application.

- a. Please confirm that the Company did not write-off for tax reporting purposes any portion of the existing plant, property, or equipment especially those with remaining net book value. Please provide documents that support the Company's assertion.
- b. Please confirm that neither the Company's parent nor any other affiliate wrote-off for tax purposes any portion of the existing plant, property, or equipment, especially those items with remaining net book value. Please provide documents that support the Company's assertion.

CA-IR-16

Ref: Application.

- a. It is the Consumer Advocate's understanding that recent events may have precipitated a change in the business plan and objectives of the Company and its affiliates. If not already provided elsewhere, please provide a detailed discussion of the decision supporting the Company's determination not to seek an earlier rate case rather than supporting such significant losses.
- b. Assuming that there is no quantifiable or qualitative support for the decision not to seek more timely rate relief, the Consumer Advocate is concerned with the possibility that the more timely rate relief was not required in the past because the costs associated with operating the company, both capital and daily expenses, might have already been recovered through other sources. Please respond to this possibility.

CA-IR-17

Ref: Application, Exhibit MPU 2, Schedule 4.

In note 5 to the audited financial statements, there is a reference to a charge of \$214,640 for water. Please explain what this charge represents and provide a copy of the agreement or contract that outlines the terms and conditions under which MPL charges the Company for water.

CA-IR-18

Ref: Application, Exhibit MPU 2, Schedule 4.

In note 7, there is a reference to a proceeding initiated by the Department of Health compelling the Company to continue its water operations. Please provide a copy of the documents in this proceeding. If it is the Company's assertion that copies of these documents are in the public domain and readily accessible, please identify the applicable website address or source.

CA-IR-19

Ref: Application, Exhibit MPU 2, Schedules 4 and 5.

- a. Please provide a reconciliation of the plant, property, and equipment balances that are reflected on Schedules 4 and 5.
- b. Please provide a reconciliation of the accumulated depreciation balances that are reflected on Schedules 4 and 5.
- c. Assuming that the difference primarily relates to the Company's recognition of the fully depreciated plant, property and equipment, please confirm that all fully depreciated balances still reflected on the Company's unaudited financial statements represent plant, property, and equipment that is still currently used and useful for utility purposes.

CA-IR-20

Ref: Application, Exhibit MPU 2, Schedule 5.

- a. Please provide a detailed workpaper that supports the balance of \$3,729,731, which is supposed to represent the amount due to affiliates. This workpaper should include, but not be limited to:
 1. identification of the affiliate that is owed;
 2. identification of the amount owed to each affiliate;
 3. identification of the date that the liability was incurred; and
 4. terms and conditions of the liability.
- b. If not already disclosed, please state whether any of the liability is to Molokai Ranch or assigned from Molokai Ranch to another affiliate. Please provide copies of documents that support the response.

CA-IR-21

Ref: Application, MPU 3.

- a. Please explain the difference between the \$4,981,896 of fully depreciated plant as shown for accumulated depreciation and the \$4,931,896 of plant in service.
- b. Please reconcile the difference between the \$4,981,896 of accumulated depreciation as shown on MPU 3 and \$4,931,896 of fully depreciated plant that appears on Schedule MPU 9.3.

CA-IR-22

Ref: Application – Plant Additions.

- a. For each of the planned plant additions in the test year, please provide the following:
 - 1. a description of the item;
 - 2. confirm that the item was or will be procured through a bidding process;
 - 3. describe the function of the item;
 - 4. identify the item as related to demand/customer growth, replacement, enhancement, or other; and
 - 5. Identify or confirm the expected date of completion.
- b. Please provide the same information for each of the plant additions for the year ended 6-30-09 as requested in part a. above.
- c. If any of the items discussed in response to part a. or b. were or will not be procured through a bid process, please separately discuss for each item why a bid process was not necessary and/or prudent.

CA-IR-23

Ref: MPU 9.

- a. The Company reflects a zero balance for net CIAC. Please confirm that it is the Company's contention that it has not received any contributions, whether cash or in-kind, to offset any of the plant balances.

- b. The Company reflects a zero balance for Federal ADIT. Please confirm that it is the Company's contention that it does not use accelerated cost recovery or depreciation calculations for Federal tax purposes.
 - 1. If not already provided elsewhere, please provide copies of the appropriate schedules from the Company's tax returns that demonstrate that the Company's tax depreciation method is exactly the same as its book depreciation method for Federal purposes.
 - 2. If the Company does not rely upon accelerated depreciation methodologies for tax purposes, please explain why the Company does not avail itself of this option.
- c. The Company reflects a zero balance for State ADIT. Please confirm that it is the Company's contention that it does not use accelerated cost recovery or depreciation calculations for State tax purposes.
 - 1. If not already provided elsewhere, please provide copies of the appropriate schedules from the Company's tax returns that demonstrate that the Company's tax depreciation method is exactly the

same as its book depreciation method for State purposes.

2. If the Company does not rely upon accelerated depreciation methodologies for State tax purposes, please explain why the Company does not avail itself of this option.

DOCKET NO. 2009-0048

MOLOKAI PUBLIC UTILITIES, INC.

SECOND SUBMISSION OF INFORMATION REQUESTS

CA-IR-24

Ref: MPU 9.2, 9.3, 9.4, and 9.5.

- a. For each of the items placed into service with a cost greater than \$50,000 since the last rate proceeding, please provide the following:
 1. Support for the total cost reflected on MPU 9.2;
 2. Support for date that the item was placed in service;
 3. Confirmation that the item was procured through a bidding process and supporting documentation, such as an identification of the top three bidders and the proposed bid from each bidder;
 4. Support for the useful lives that are reflected on the Company's schedules; and
 5. Identify the purpose or purposes of the item and indicate whether the plant item was required for replacement, new, enhanced, or other purposes.
- b. If there were any items that were not procured through a bidding process, please explain why a bidding process was not used.

In Docket No. 02-0371, an issue with the veracity of the accounting records supporting the reported net plant in service was raised. As a result of that issue, the remaining net book value originally included in the application, \$13,137, was written off as part of the settlement between the parties and adopted by the Commission. The fully depreciated plant is still reflected on the Company's books.

- a. Given that the Company is still reflecting \$4,931,896 of fully depreciated plant and assuming that all of it is still used and useful for utility purposes, please discuss whether the Company has evaluated its depreciation practices and useful lives estimates to determine whether modifications are necessary.
 1. If the Company has evaluated its depreciation practices, please provide a copy of the results of that analysis.
 2. If the Company has not evaluated its depreciation practices, please explain why it should not do so, given that it apparently has \$4,931,896 of plant still used and useful that has been fully depreciated.
- b. Assuming that the Company believes that the accounting practices and the record keeping of the predecessor in

interest are the primary causes for having almost \$5 million of fully depreciated plant, please state the basis for this contention, if not already discussed elsewhere.

CA-IR-26

Ref: MPU 9.2, 9.3, 9.4, and 9.5.

- a. If not already discussed elsewhere, please confirm that all plant, property and equipment are dedicated entirely to the purposes of MPU utility services and are not used for any other non-regulated purposes.
- b. If there are any items that are used for any other purpose than to serve MPU's regulated utility service customers, please identify each item.

CA-IR-27

Ref: Application.

- a. The Company has apparently added over \$1.5 million in plant since the last rate proceeding (Docket No. 02-0371). Please identify how these plant additions were financed and where the applicable obligations are reflected in the instant filing.
- b. If there were any financing arrangements entered into by the Company, please identify the appropriate Commission approved applications under which the Company obtained

the Commission's authority to enter into such financing arrangements.

CA-IR-28

Ref: MPU 9.2, 9.3, 9.4, and 9.5.

- a. If not already explained elsewhere, please reconcile the plant that reflected for book depreciation purposes of \$6,590,283 on MPU 9.4 and \$5,437,377 on MPU 9.6. In the Company's response, please note that there appear to be a number of items listed on MPU 9.4 and 9.6 that do not appear to correspond with a matching item on the other schedule in terms of total cost and in-service date.
- b. For each of the reconciling items that are listed for book purposes but not listed for tax purposes, please explain why these items are not depreciated for tax purposes.

CA-IR-29

Ref: MPU 9.2, 9.3, 9.4, and 9.5.

- a. The Company added over \$23,000 in plant in 2003. Please discuss why no plant additions in 2003 were eligible for the Hawaii State Capital Goods Excise Tax Credit. If these items were reflected in the 6/30/04 amount of \$131,774 as shown on MPU 9.7, please provide the appropriate reconciliation that supports the response.

- b. The Company added over \$384,000 in plant in 2004. Please explain and reconcile why the Company has recognized only \$131,774 (as of 6/30/04) on MPU 9.7.
- c. The Company added over \$1,016,000 in plant in 2005. Please explain and reconcile why the Company has recognized only \$131,774 on MPU 9.7.
- d. The Company added about \$14,000 to plant in service in 2006. Please reconcile the amount to the \$15,358 reflected on MPU 9.7.
- e. The Company added about \$116,000 to plant in service in 2007. Please reconcile the amount to the \$63,228 reflected on MPU 9.7.
- f. The Company had no additions in 2008. Even accounting for the split test year, the additions in the last six months of 2007 totaled \$52,658. Please reconcile the amount to the \$52,772 reflected on MPU 9.7.
- g. Please explain why there is no forecasted capital excise goods excise tax credit for either 2009 or 2010 even though the Company is proposing to add over \$100,000 in years 2009 and 2010, combined. Assuming that the decision to omit any additions to the capital goods excise tax credit is related to Act 178, Session Laws of Hawaii 2009, the language indicates that plant placed into service

between the May 1, 2009 and December 31, 2009 are not eligible for the credit. However, the Company is proposing to put four items into service on or about January 1, 2010, please explain why these items are not eligible.

CA-IR-30

Ref: MPU 9.8.

It appears that the Company has excluded its forecasted level of general and administrative expenses from the determination of working cash. Please explain why.

CA-IR-31

Ref: MPU 10.1, WP MPU 10.1, MPU-T-100.

In Docket No. 02-0371, MPU reported that it recorded \$41,894 in personnel charges and no employee taxes & benefits. Its original test year estimate for personnel charges was \$81,525, which it later revised to \$68,815. Its original estimate for employee taxes & benefits was \$17,856, which was later revised to \$14,324.

- a. Please provide the following information for each of the years 2002 through the test year.
 1. identify each of the positions whose costs are reflected in the direct salaries and wages or personnel charges;
 2. identify the salary or wage rate for each position;

3. for each of the positions paid by wage, provide the number of hours charged to the company separated by straight and overtime;
 4. identify the function of the position and provide detailed description of the duties and responsibilities for that position; and
 5. identify the number of months that each position was filled or expected to be filled in each year.
- b. If not clearly evident in the response to part a. above, please provide the annual salary and wage increases in each of the years.
 - c. Please justify the granted or expected level of salary and wage increases identified in parts a. and/or b.
 - d. Assuming that there were any increases in the number of positions in any of the years from 2002 forward, please justify the need for the position.

CA-IR-32

Ref: MPU 10.1, WP MPU 10.1, MPU-T-100.

- a. On page 20 of MPU-T-100, the Company indicates that it has granted a 3.0 percent increase in the salaries and wages for the test year. If not already provided in response to another information request, please explain why an increase in these current economic times is justified.

- b. If not already provided elsewhere, please provide a copy of any analysis or study performed by or on behalf of the Company that indicates that an increase in the test year is necessary.

CA-IR-33

Ref: MPU 10.1, WP MPU 10.1, MPU-T-100.

- a. Please provide copies of time reports for all direct charges reflected on the Company's books for each of the years 2004 through 2009 year-to-date. If this is voluminous, please provide copies of any summary or "rolled-up" reports that identifies the employee and the reported hours.
- b. If not already provided in response to another request, please provide the total annual salary and wage for any position that has been or is either directly charged or allocated to the Company.
- c. If not already provided elsewhere, please confirm that these are all of the employees who directly charge the three utility companies (MPU, WOM, and MOSCO).
 - 1. If not, please provide a complete list of all employees who directly charge time to the three utility companies.
 - 2. If the positions do represent a comprehensive list, please discuss why MOSCO is apparently much

easier to operate and maintain, since MPU has projected the following manhours for MPU, WOM and MOSCO.

Forecasted manhours		
	2009	2010
MPU	7821	8757
WOM	4867	5699
MOSCO	1872	2184
Total	14560	16640

As the table above shows, Company's management appears to project that MOSCO will require nominal labor (around one man year's worth of time), where the other two utility companies will require much more time. Please explain the apparent discrepancy.

CA-IR-34

Ref: MPU 10.1, WP MPU 10.1, MPU-T-100.

- a. Please discuss whether the Company has evaluated the cost effectiveness of requesting bids for a third party to provide operating and maintenance services as a possible means by which to reduce costs. If so, please discuss the results of that evaluation and provide copies of any relevant documents.
- b. If the Company has not conducted any such evaluations, please discuss why not.

CA-IR-35

Ref: MPU 10.1, WP MPU 10.1, MPU-T-100.

- a. Please provide a copy of the premiums or appropriate vendor notifications that support each of the employee benefits. Please provide copies for each of the past three years.
- b. If there have been any notable increases in the premiums or costs associated with any of the benefits, please discuss whether the Company has sought bids or proposals from other vendors as a means by which to minimize its costs.
- c. Assuming that the costs on workpaper MPU 10.1 represent the costs that the Company has to pay, please identify the cost that the employee is expected to pay towards medical, dental and any other applicable benefit.
- d. Please provide a copy of the election form for each employee for the current year.

CA-IR-36

Ref: MPU 10.2, WP MPU 10.2, MPU-T-100.

- a. Please provide an updated workpaper MPU 10.2 that provides the actual electric and fuel consumed and/or delivered through the most recent billed in the Company's possession.
- b. Please explain why the electricity related to Puunana Pole 11 should be attributed to MPU and solely to MPU.

- c. Please identify the electricity rate schedule that is applicable to the Puunana Pole 11 account.
- d. Please explain why the electricity related to Palaau should be attributed to MPU and solely to MPU.
- e. Please identify the electricity rate schedule that is applicable to the Palaau account.
- f. Please explain why the electricity charges for the Puunana Pole begin on 10/27/08, but the charges for Palaau begin on 11/25/08.

CA-IR-37

Ref: MPU 10.2, WP MPU 10.2, MPU-T-100.

- a. Please provide the gallons of water pumped by the Mahana 500 HP pump on a monthly basis for each of the years 2006 through 2009 year-to-date.
- b. The Company, on page 23 of MPU-T-100, indicates that it "used historic energy usage and costs to develop the pro forma amounts for the" test year. In looking at workpaper MPU 10.2, however, the projected 600,000 KWH usage is a hard input (i.e., a number entered into the cell and not the result of a formula). This is also true for the estimate for the year ended 6-30-09. Please provide the formula used to determine the 12 months activity for both the years ended 6-30-09 and 6-30-10.

- c. Please discuss whether the Company takes advantage of either energy efficiency or pricing options (e.g., Rider M) to minimize its electricity expenses. If not, please explain why not.

DOCKET NO. 2009-0048

MOLOKAI PUBLIC UTILITIES, INC.

THIRD SUBMISSION OF INFORMATION REQUESTS

CA-IR-38

Ref: Application.

There are various comments regarding the failure of the Company to perform reasonable maintenance in the past, which is now leading to higher than normal expenses.

- a. Please provide copies of any documents that outline and/or otherwise describe in detail the procedures, activities, and other requirements as it relates to the Company's operational and maintenance of the utility plant, property, and equipment.
 1. If not already provided in response elsewhere, please provide the cycle or frequency each of the tasks identified above are performed
 2. Please provide confirmation that each of the tasks identified above were performed as scheduled or required at least for the last five years. Please provide copies of any documentation that the Company relied upon to respond to this question.
- b. Assuming that the Company cannot provide documentation that verifies that it has been conducting a reasonable plan of maintenance, please discuss whether the Company has

conducted, or has had one conducted on behalf of the Company, any recent studies, analyses, or reports that assess the condition of the Company's plant, property, and equipment and whether adequate maintenance has been conducted and/or to develop an appropriate maintenance plan on an ongoing basis. If so, please provide a copy of any and all such studies, analyses, or reports.

c. If not already provided, please provide a copy of any log or report of the following related to maintenance activities:

1. job report that outlines the jobs that need to be conducted;
2. any job report that prioritizes the jobs that need to be conducted;
3. any job report that identifies the date and time work was started, the time spent on the job and the date and time that the job was completed; and
4. any job report that identifies the work that was performed.

CA-IR-39

Ref: Application.

In the audited financial statements, note 2(e) discusses that "the tax effect of net operating loss carryforwards are offset by a valuation

allowance as it is management's opinion that these net operating loss carryforwards are not more likely than not to be realized."

- a. Given that the Company is seeking a 2% return on its authorized rate base, this should provide the Company with taxable income. Assuming that the Company is granted an increase, please discuss the basis for management's opinion that net operating losses could not be used for income tax purposes.
- b. While the Company has calculated deferred tax balances, it has not used those balances in the determination of its proposed revenue requirement. Assuming that the Commission grants an increase, but only to a break-even level, please discuss whether it is the Company's opinion whether there would be realizable deferred tax benefits that could or should be recognized by the Company.
- c. Please discuss whether the Company would be prohibited from using accelerated tax depreciation methodologies for determining its taxable income since the Company has not proposed a revenue requirement calculation that results in the tax benefits being properly flowed through to the customers. Please provide support for the Company's opinion.

- d. Please confirm that there are net operating losses that could be used to reduce the calculated tax expenses for both Federal and State purposes. If not, please explain why not.

CA-IR-40

Ref: Application.

- a. Please confirm that the Company does not have any customers who conduct activities that may fall within the definition of an agricultural business within its service territory.
- b. If the Company does have any customers who may conduct agricultural activities, please confirm that it has not received a bona fide request for preferential rates for potable water pursuant to HRS § 269-26.5.

CA-IR-41

Ref: MPU 10.3.

- a. Please provide a copy of the most recent version of the Agreement between the Hawaii Department of Agriculture and the Company regarding the use of the MIS and all related terms and conditions.
- b. The amounts paid for the years ended June 200, 2005, and 2006 to use the MIS all totaled \$136,497. For the years ended 2007 and 2008, however, the amount has varied. Please explain and justify the variance.

- c. For the test year, the Company has projected an expense of \$144,456 for the use of the MIS based on a monthly charge of \$12,038, as discussed on page 29 of MPU-T-100. Please provide the support for this monthly charge.

CA-IR-42

Ref: MPU 10.5.

- a. Please explain why the amount spent in 2005 is greater than all other years for supplies for operations.
- b. If not already explained in part (a) of this information request, please discuss whether the expenditures in 2005 represent recurring costs. If so, please provide support for that contention.
- c. Please discuss the Company's uniform policy and provide a copy of any relevant document that supports the Company's response.

CA-IR-43

Ref: MPU 10.5.

- a. Please identify the number of vehicles that the Company was using in each of the years ended June 2004 through 2008.
 - 1. The Company appears to be proposing that the five-year average cost is a reasonable estimate for

the test year. Please provide the basis for this contention.

2. Assuming that the vehicles used are for shared use, please provide the means by which the Company was able to determine the fuel expense attributable to the Company. Please provide a copy of documents that support the Company's estimated allocation of costs.
 3. If not already explained elsewhere, please distinguish the costs reflected as fuel for vehicles as a direct expense and as a direct charge from MPL.
- b. If not already provided elsewhere, please provide a copy of the workpapers that support the forecasted amount of fuel for vehicles previously charged from MPL for the test year.
 - c. The Company is proposing to include a \$40,000 addition to plant for vehicles. Please explain what this addition represents.
 - d. Assuming that the vehicle addition(s) is a replacement, please discuss whether the projected cost estimate for fuel should decrease based on the assumption that the new vehicle or vehicles will be more fuel efficient.

CA-IR-44

Ref: MPU 10.5.

- a. Beginning in 2006, the Company began to record direct charges for materials and supplies previously charged from MPL. Please provide a comprehensive list of the types of materials and supplies that is included in this amount.
- b. If not clearly evident, please confirm that the materials and supplies expenses recorded as MPU direct charges previously charged from MPL are all annually recurring. Please provide copies of documents that support the Company's response as applicable.
- c. If not already explained elsewhere, if these materials and supplies costs are clearly attributable to the Company, please explain why these charges were not previously charged to the Company prior to 2006.

CA-IR-45

Ref: MPU 10.6.

- a. Please provide a detailed explanation of the types of activities that are reflected as an allocation of the finance department.
- b. Please provide a copy of the documents that support the charges made to the Company as a finance department allocation in each of the years 2004 through 2008.
- c. *If not provided elsewhere, please provide the following:*

1. list of the positions that contribute to the allocation;
2. the wages and/or salaries for each of the listed positions that contribute to the finance department allocation; and
3. an explanation why the functions that are attributed to the Company are necessary on an annual basis.

CA-IR-46

Ref: MPU 10.7.

- a. Please provide a description of the types of services that was recorded as other professional expenses.
- b. It appears that the Company's estimate for other professional expenses is the average of the expenses incurred for the year 2004, 2005, 2007 and 2008. Please discuss why it is reasonable to use this estimate as compared to an estimate based on the five year average.
- c. Please provide a description of the other professional services that was previously charged from MPL and explain why these charges had to be incurred by MPL as opposed to being directly obtained by the Company.

- a. Please provide a description of the type of repairs and maintenance that was conducted in 2007 and the costs associated with each type of repair.
- b. Please provide a description of the type of repairs and maintenance that was conducted in 2008 and the costs associated with each type of repair.
- c. It appears that the Company's estimated plant repairs and maintenance is based upon a five year average. Please provide a copy of documents that support the contention that the level of expenses incurred in 2007 and 2008 are either annually recurring or would occur within a five year cycle.
- d. Please provide a detailed description of the type of repair and maintenance activity that was previously charged from MPL.
 1. Please provide a detailed discussion why these charges had to be incurred by MPL as opposed to being directly obtained by the Company.
 2. If not already provided elsewhere, please support the contention that the recorded level of activity in 2006 through 2008 represents a fairly normal level of activity.

CA-IR-48

Ref: MPU 10.9.

- a. Please provide a detailed description of the type or types of insurance that is reflected as direct expenses.
- b. Please provide a detailed description of the type or types of insurance that is reflected as charged from MPL.
- c. Please provide a copy of the premium notice or other documents that support the projected expense level for all types of insurance reflected as insurance expense.

CA-IR-49

Ref: MPU 10.10.

- a. Please provide the current amount of regulatory expenses incurred to date broken down by each type of expense.
- b. Please provide the budgeted amount of hours of each type of category and the actual hours incurred to date for each of the applicable phases.

CA-IR-50

Ref: MPU 10.10.

- a. The Company has proposed an amortization period of three years. This proposal is based upon the stated intention to avoid significant increases as well as to move towards moving towards a rate of return appropriate for a regulated utility company. Other than the stated intentions, please identify any other support that might be relied upon, such as

the intent to add plant or to initiate some maintenance program in three years.

- b. The Consumer Advocate notes that in Docket No. 02-0371, the Company asserted that it would file another rate application in two years and proposed a five-year amortization period to cover costs to be incurred in Docket No. 02-0371 and the future rate case that should have been filed some time in the 2004 time frame. Yet, notwithstanding the stated assertion that a rate increase application would be filed in two years, no such application was filed. Please discuss what differentiates the assertions made in Docket No. 02-0371 and the instant docket as it relates to the Company's intent and why a three year amortization period should be used.

CA-IR-51

Ref: MPU 10.11.

- a. Please provide a detailed description of the type of travel expenses that the Company incurs.
 - 1. Please identify each trip and the cost associated with each trip for the years 2006 through 2008.
 - 2. For each identified trip, please describe the nature of the trip and how it relates to the Company's regulated *utility business*.

- b. Please justify the level of travel expenses that the Company proposes to recover from ratepayers and explain why such travel expenses are necessary and reasonable for regulated water utility company of the Company's size.
- c. If not already discussed, please confirm that the Company thoroughly investigates other means or alternatives to travel, such as electronic mail, teleconference or video conferencing, before relying upon travel to conduct regulated utility operations.

CA-IR-52

Ref: MPU 10.11.

- a. The Company is proposing to recover \$388 of telephone expense for the test year. Please provide a copy of the Company's most recent telephone bill that supports this estimate.
- b. The Company is proposing to recover \$1,306 of cellular expense in the test year. Please provide a copy of the Company's most recent cellular bill that supports this estimate.
- c. While the Consumer Advocate can recognize the need for cellular service, given that the Company already has telephone service, please justify the projected cellular

expense reflects a reasonable amount for the Company's size.

d. The Company is projecting that there will be \$1,686 of communications expenses charged from MPL. Please provide a detailed explanation of the type of expenses reflected in this amount.

1. Since the Company is already reflecting \$1,694 for telephone and cellular expense with \$81 for internet connection in the test year, please justify the reasonableness of an additional \$1,686 for communications expense for a small water utility company.

2. If any of the \$1,686 reflects allocated expenses, please provide the workpapers used to determine the appropriate allocated amount.

CA-IR-53

Ref: MPU 10.11.

The Company is projecting a total of \$3,117 for postage in the test year. Please provide the average amount of mailings per year. Please provide a copy of the workpapers used to determine this amount.

CA-IR-54

Ref: Application.

While the amended application was filed on June 2009, it appears that the latest information reflected in the Company's application reflects information only through June 2008 for the most part and, in some instances, a few months later. Please provide updated information for each of the MPU 9, 10 and 11 schedules through August 2009.

CA-IR-55

Ref: MPU 11, 11.1, 11.2, 11.3, and 11.4.

- a. On schedule MPU 11, there are certain numbers in parentheses following "# of customers", such as (250), (251), etc. Please explain what these values represent.
- b. On schedule MPU 11.1, there are certain numbers that follow different customer classes differentiated by meter size, such as (200), (201), etc. Please explain what these values represent.

CA-IR-56

Ref: MPU 11, 11.1, 11.2, 11.3, and 11.4.

- a. Generally, the Company is forecasting the number of bills that is divisible by 12. However, the forecasted number of bills for the 5/8" and 3" meters are not divisible by 12. Please provide details supporting these exceptions.

- b. On MPU 11, the Company appears to be projecting that there will be 2,568 bills issued in the test year. However, on MPU 11.1, the total of customers for usage billing is projected to be 2,560 for the test year. Please reconcile this apparent difference.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing **DIVISION OF CONSUMER ADVOCACY'S FIRST THROUGH FOURTH SUBMISSIONS OF INFORMATION REQUESTS** was duly served upon the following parties, by personal service, hand delivery, and/or U.S. mail, postage prepaid, and properly addressed pursuant to HAR § 6-61-21(d).

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DATED: Honolulu, Hawaii, November 9, 2009.

A handwritten signature in cursive script, appearing to read "Andrew V. Beaman", is written over a horizontal line.